



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

Johnny Sutton, U.S. Attorney

FOR IMMEDIATE RELEASE

April 11, 2005

Shana Jones, Special Assistant
Daryl Fields, Public Affairs Officer
610 N.W. Loop 410
San Antonio, Texas 78216
(210) 384-7440

CIGARETTE SMUGGLING ORGANIZATION LEADER SENTENCED TO FEDERAL PRISON

U.S. Attorney Johnny Sutton, Special Agent in Charge Ronald J. Wood, U.S. Immigration and Customs Enforcement (ICE), Harlan J. Carter, Special Agent in Charge, Internal Revenue Service - Criminal Investigation, Special Agent in Charge Ronnie A. Carter, Bureau of Alcohol, Tobacco, Firearms and Explosives and El Paso County Sheriff Leo Samiengo announced that 35-year-old Jorge Abraham, a quadriplegic, who was the leader and organizer of a multi-million-dollar cigarette smuggling organization, was sentenced today to five years in federal prison for conspiracy to smuggle cigarettes into the United States, traffic in contraband cigarettes and traffic in counterfeit goods.

In addition to the prison term, United States District Judge Philip Martinez ordered that Abraham pay restitution as follows: \$248,460 to the State of Texas, \$776,910 to the State of California, \$2,752,350 to the State of New York, \$1,548,827 to the United States and \$623,510.52 to Philip Morris U.S.A., Inc.

"These criminals deprived the American people of millions of dollars owed in taxes. While the rest of us are working hard and paying our fair share, these cheaters did not pay one cent," stated United States Attorney Johnny Sutton.

On December 15, 2004, Abraham pled guilty to the charges. By his plea, Abraham admitted that between September 2001 and December 2002, his organization smuggled, diverted, transported and distributed, and attempted to smuggle, divert, transport, and distribute a total of at least 11,360 cases of counterfeit and contraband cigarettes, into the United States for illegal sale. This number of cases of cigarettes represents 27 different known transactions involving the Abraham Organization.

The total amount of counterfeit cigarettes which the Abraham organization distributed or attempted to distribute was at least 2,313 cases. The retail value of these counterfeit cigarettes was approximately \$5.4 million. The total loss of revenue to the Federal Government and various State Governments (New York, California and Texas) was approximately \$9.2 million. A total of at least 5,616 cases of cigarettes were ultimately illegally supplied to various distributors in the United States, the remainder of the cases of cigarettes were seized by the government.

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“Abraham’s organization cheated the American taxpayers from millions of dollars by circumventing the system, yielding him and his associates large profits,” said Ronald J. Wood, who leads ICE’s El Paso Office of Investigations. “It took various law enforcement agencies working closely with ICE to successfully bring this case to conclusion. The agency appreciates those efforts as well as those of the United States Attorney’s Office.”

The Organization employed different techniques to smuggle and introduce into the commerce of the United States contraband and counterfeit cigarettes. These included, but were not limited to, the manipulation of the Customs in-bond system. The defendants attempted to achieve this by making false and fraudulent material statements and representations to U.S. Customs authorities by presenting altered and falsified documents and by submitting fraudulent “pedimentos”, Mexican Customs documents.

These pedimentos reflected that the contraband cigarettes had been exported from the United States to Mexico when, in truth, the contraband cigarettes had been smuggled and introduced into the commerce of the United States. The various documents used by the defendants were intended to convince anyone who inspected these documents that taxes and duties were not due and owing to U.S. Customs authorities, and/or the states of Texas, California and New York, on any cigarettes associated with these documents. The Organization modified and adapted its smuggling techniques in direct response to any measurable success by law enforcement in curtailing its illegal activities.

The investigation revealed that the counterfeit cigarettes were shipped in containers on international waters from Asia to the United States. It is known that at least two containers of counterfeit cigarettes arrived at the port of entry in Long Beach, California. To prevent detection by U.S. Customs authorities, the defendants caused the shipments of counterfeit cigarettes to be manifested as other merchandise, for example “toys” and “plastic goods.” When the counterfeit cigarettes arrived at the port of entry, the members of the organization attempted to unload, smuggle and distribute the counterfeit cigarettes in the United States.

Co-defendants Scott Snyder, Donald Deland and Timothy J. Farnham were the Organization’s Irving, New York, associates. The three men worked together, and purchased, received and sold counterfeit and contraband cigarettes supplied by the Organization. A review of financial records from Jorge Abraham's bank account in the United States, indicate that between January 30, 2002 and December 2002, Scott Snyder, Timothy J. Farnham, and Donald Deland sent or caused to be sent at least 40 different wire transfers, from bank accounts over which they had signature authority in the total amount \$1,870,936.00, from New York to Texas. Snyder and Deland have pled guilty to federal charges and are scheduled for sentencing later this month. On April 5, 2005, Timothy J. Farnham was sentenced to an 18-month federal prison sentence, and was ordered to pay \$656,250 in restitution to the state of New York and \$205,010 in restitution to the United States.

Co-defendant Peter L. Pembleton was one of the Organization's New York associates. Pembleton owned and operated All Nations Tobacco, 56 Main Street, Salamanca, New York. Pembleton purchased, received and sold contraband cigarettes supplied by the Organization. Co-defendant Anthony Leone worked with Pembleton and assisted in the purchase, receipt and sale of contraband cigarettes supplied by the Organization. A review of financial records from Jorge Abraham's bank account, in the United States, indicate that Pembleton and Leone sent or caused to be at least 21 different wire transfers, between June 20, 2002 and October, 2002, in the total amount \$858,541.00. Pembleton and Leone are currently serving 33-month and 30-month federal prison sentences, respectively. Each was also ordered to pay \$787,500 in restitution to the state of New York and \$250,963 in restitution to the United States.

"The crime perpetuated by the individuals of this nationwide smuggling organization, involved millions of untaxed dollars, which ultimately harms the nation's economy," stated Harlan J. Carter, Special Agent in Charge, IRS - Criminal Investigation, San Antonio Field Office. "The IRS will continue to work with other law enforcement agencies to dismantle criminal organizations and seize the proceeds so the criminals do not benefit from their illegal activities."

Jorge Abraham's bank account information indicated that he and his father, Ignacio Abraham, paid over \$2,547,449.99 for the purchase of diverted cigarettes. Ignacio Abraham is currently serving a three-year federal prison sentence. He was also ordered to pay restitution as follows: \$248,460 to the State of Texas, \$776,910 to the State of California, \$2,752,350 to the State of New York, \$1,548,827 to the United States, and \$623,510.52 to Philip Morris U.S.A., Inc.

Six other co-defendants in this case have been sentenced as follows:

Dean Miller, of San Diego, California, was sentenced on February 17, 2005, to four years imprisonment and fined \$10,000 after pleading guilty to conspiracy to smuggle cigarettes into the United States, traffic in contraband cigarettes and traffic in counterfeit goods;

Antonio Aranda, of El Paso, Texas, was sentenced on February 24, 2005, to one year imprisonment and fined \$5,000 after pleading guilty to conspiracy to smuggle cigarettes into the United States, traffic in contraband cigarettes and traffic in counterfeit goods;

Saul Iglesias, of El Paso, Texas, was sentenced on March 1, 2005, to one year imprisonment and fined \$5,000 after pleading guilty to conspiracy to smuggle cigarettes into the United States, traffic in contraband cigarettes and traffic in counterfeit goods;

Felipe Castaneda, of El Paso, Texas, was sentenced on March 9, 2005, to two years imprisonment and ordered to pay restitution in the amount of \$248,460 to the State of Texas, \$90,045 to the State of California, \$2,163,750 to the State of New York and \$1,008,213 to the United States after pleading guilty to conspiracy to smuggle cigarettes into the United States, traffic in contraband cigarettes and traffic in counterfeit goods; and

Fernando Ortiz, of El Paso, Texas, was sentenced on January 5, 2005, to one year imprisonment and ordered to pay restitution in the amount of \$20,500 to the State of Texas, \$90,045 to the State of California, \$1,242,000 to the State of New York and \$459,834 to the United States after pleading guilty to Misprision of a Felony.

Also, co-defendant Omar Jaramillo, of Ciudad Juarez, Chihuahua, Mexico, was sentenced on May 27, 2004, to six months imprisonment after pleading guilty to making Material False Statements and Representations.

“This investigation is evidence of the cooperation between law enforcement agencies in order to prevent illegal smuggling to fund criminal activities,” stated Special Agent in Charge Ronnie A. Carter, Bureau of Alcohol, Tobacco, Firearms and Explosives, Dallas Division.

This three-year investigation was conducted by the U.S. Immigration and Customs Enforcement (ICE) together with the Federal Bureau of Investigation (FBI), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Internal Revenue Service - Criminal Investigation (IRS) and the El Paso County Sheriff’s Office (EPSO).

“It’s a good day for law enforcement and its a good day for taxpayers,” stated El Paso County Sheriff Leo Samiengo.

Assistant United States Attorneys Stephen García and José Luis González prosecuted this case on behalf of the Government.

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